



February 4, 2009

Dear Highland CDO Opportunity Fund Investor:

The unprecedented market volatility and disruption to the financial system, and the market for structured products assets in particular, have so significantly deteriorated the CDO Opportunity Fund's asset values that the Fund has been rendered insolvent.

Therefore, Highland CDO Opportunity Fund GP, L.P., the general partner of Highland CDO Opportunity Fund, L.P. ("CDO Fund US"), and the board of directors of Highland CDO Opportunity Fund, Ltd. ("CDO Fund Bermuda" and together with CDO Fund US, the "CDO Funds" or the "Funds"), in each such case, in consultation with Highland Capital Management, L.P. (the "Investment Manager"), have determined that it is in the best interests of the CDO Funds to wind down the Funds. In connection with this process, all of the Fund's available assets will be distributed to the Fund's remaining financing counterparties and other senior and trade creditors in an orderly liquidation. Regretfully, as of December 31, 2008, the amount of these liabilities exceeded the assets of the Fund to such a degree that no assets remain available to satisfy any unpaid redemptions of the Fund or to distribute amounts to any current investors in the Fund.

We are extremely disappointed in the Funds' performance and this outcome, but believe there is no viable path to any recovery for investors in the Fund. As you are aware, Highland Capital and its affiliates had among the largest exposure to the Fund, which has been rendered worthless.

If you have any questions regarding these matters, please contact your relationship manager, and email us at [HighlandCDOOpportunityFunds@hcmpl.com](mailto:HighlandCDOOpportunityFunds@hcmpl.com).

Respectfully,

Highland Capital Management, L.P.